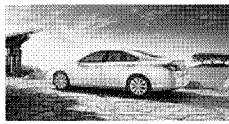


III. Quality/Compliance Issues



NHTSA Investigation on Lexus ES350 All Weather Floor Mats – TMA filed a Defect Information Report (DIR) with NHTSA regarding a voluntary safety campaign of certain Toyota and Lexus optional equipment all weather floor mats, used on the 2007 - 2008 MY Lexus ES350 and Toyota Camry. To address NHTSA's concerns raised in a defect investigation (EA07-010), Toyota recalled the driver position all weather floor mat. NHTSA has received 17 complaints regarding unintended acceleration on the 2007 Lexus ES350, and noted that an unsecured all weather floor mat can trap the accelerator pedal, resulting in significant unwanted acceleration. TMA negotiated with NHTSA and reached this agreement with the agency in order to address the issue. TMA received the closing resume from NHTSA for the ES350 AWFM investigation. In it, NHTSA points out that the mat must be unsecured to interfere with the accelerator pedal and they discuss a scenario that could potentially lead to an extended, runaway vehicle incident where the brakes can overheat. However, in the last paragraph, they note that this can happen in any vehicle and include a cautionary statement to that effect. As of the publication of this document, the investigation is now officially closed.



NHTSA Investigation on Sienna Liftgate Support Struts – TMA requested an extension of the due date of our response to the EA IR letter of the Sienna investigation, changing it from October 5. In the response submitted on October 17, we provided only updated field information (complaint reports, warranty claims, etc.) as NHTSA did not request an assessment of the alleged defect.

Pontiac Vibe Side Window Shattering Defect Investigation - TMA participated in a phone conference to discuss responsibility for the IR response data with GM. As a result, GM will collect all relevant field information for the Pontiac Vibe and supply it to TMC for analysis. TMA and TMC agreed to work with GM to develop an assessment of the alleged defect once the field data is evaluated.



2007 MY Camry HV FMVSS 305 Compliance IR Response - On October 2, TMA submitted the response to NHTSA's inquiry regarding FMVSS 305 test procedures used by Toyota. FMVSS 305 includes requirements to reduce the risk of battery electrolyte leakage and electrical shock from an electric or hybrid electric vehicle after a crash test.

2008 MY FMVSS 209 Compliance IR Response - TMA submitted the response to an FMVSS 209 IR letter from NHTSA requesting information on seat belt assemblies for 5 models; Camry, ES350, RAV4, Scion xB, and Tundra. The response was submitted October 12.

2008 MY FMVSS 206 Compliance IR Response - TMA submitted the response to the compliance IR requesting component part information on various model door hinges and retention components. NHTSA uses this information to conduct compliance testing later in the year on door locks and hinges.

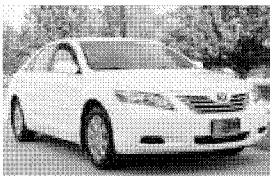
2007 MY Tacoma FMVSS 124 Compliance IR Letter received - TMA received an IR letter requesting information about FMVSS 124 compliance of the 2007 MY Toyota Tacoma. NHTSA has purchased a vehicle and will begin testing in the next few weeks. NHTSA ODI has received complaints about the accelerator control system on the Tacoma and has decided to do conduct

testing without opening an investigation. The letter requests a population breakdown (Cab style, 2WD/4WD), copies of certification reports, and a completed Form 12. The response is due October 23.



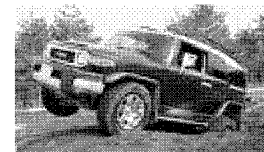
RX330 Stop Lamp Switch - After receiving supporting information from TMC, TMA explained that an anomaly in the EWR data regarding the RX330 stop lamp switch did not indicate a safety defect was reoccurring in these vehicles. TMC had previously recalled the stop lamp switch due to oxidization of the internal contacts, which could lead to the stop lamps becoming inoperative. After reviewing EWR data and issuing a Comprehensive Inquiry letter in early 2007, NHTSA noticed a high warranty rate in our response. However, after learning that the issue is limited to the illumination of the ABS/VSC warning lamp, and not the loss of the stop lamp functionality, NHTSA is not going to open an investigation. TMA negotiated sending a formal letter to NHTSA with a technical explanation in order to satisfy NHTSA.

DI07-090 Death and Injury IR Received - On October 5, TMA received an IR letter requesting information on 9 claims of death or injury listed in the 2nd quarter of 2007 EWR report. Our response is due October 26.



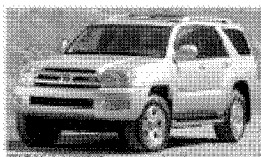
2007 MY Camry HV FMVSS 301R/305 Compliance Test - On October 4, TMA attended the 80 kph 70% offset deformable barrier rear impact test of the 2007 MY Camry Hybrid. After some initial issues obtaining voltages, TMA asked Calspan to open the hybrid battery cover to inspect the test lead connections. The TMC engineer discovered that the leads were incorrectly connected. After the wiring was fixed, we learned that the hybrid battery was at a very low state of charge. However, the test was conducted and the vehicle appears to meet all aspects of the regulation. There was no fuel leak or hybrid battery electrolyte leakage and no risk of electrical shock on the post test vehicle.

2007 MY FJ Cruiser FMVSS 201U Compliance Test - NHTSA informed TMA that they plan on conducting interior impact testing on the 2007 MY Yaris and FJ Cruiser. To accommodate TMC's request, TMA negotiated rescheduling of the FJ Cruiser test to October 16 at MGA in Detroit. The Yaris will be tested in early October, but TMC decided not to attend.



IV. Assessment

Lexus RX350 Vehicle Safety Ratings - TMA received the first "Stars on Cars" notification of a star rating for a newly tested vehicle from NHTSA. The 2008 MY RX350 was rated as a 5 star for all positions in the front and side tests (20 star vehicle). For rollover, the 4WD version was rated as 4 stars. NHTSA has not rated the 2WD version for rollover, but is locating a vehicle to test. Unfortunately, they decided to issue the letter before the 2WD rollover rating was confirmed so TMA expects another letter to be issued in the next few weeks. The ratings in this letter need to be on RX350 vehicle window stickers built on or after October 28.

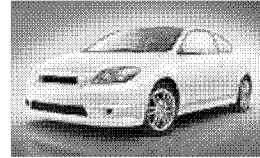


2008 MY Toyota 4Runner Safety Ratings - TMA received the official notification from NHTSA regarding the 2008 MY Toyota 4Runner safety ratings. The vehicle is being awarded 5 stars for the side positions, as NHTSA recently tested the vehicle due to the new standard equipment curtain shield airbag system. These ratings must be on

window stickers of vehicles built November 1 and after.

RX400h NCAP Ratings - After receiving a request from TMC that the Lexus RX Hybrid should be rated the same as the gasoline engine version in the front and side crash tests, TMA contacted NHTSA. As a result, NHTSA awarded a 5/5 star rating for the front and side crash tests for the Lexus RX400h, the same as the RX350.

Scion tC Side Impact NCAP Test - TMA attended the Side NCAP test of the Scion tC at the Medical College of Wisconsin on September 27. Preliminary results indicate that the vehicle will receive a 5 star rating for both the driver and passenger. Initially the test was aborted because the moving barrier contacted a speed measurement device part way down the track. After the equipment was repaired, the test was run with no issues. Official safety ratings from NHTSA later confirmed the preliminary results.



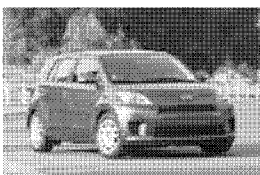
Lexus IS250 Side NCAP Test - On October 1, TMA attended the side NCAP test of the 2008 MY Lexus IS250 at Karco, in Adelanto, CA. Preliminary results indicate that the vehicle will receive a 5 star rating for the driver and a 4 star rating for the rear passenger. Although the overall rating was as expected, the performance was worse than in-house test results. TMA has requested the data and high speed video from the test from NHTSA for TMC to review.



Lexus IS250 Frontal NCAP Test - On October 2, TMA attended the frontal NCAP test of the 2008 MY Lexus IS250 at Karco, in Adelanto, CA. Preliminary results indicate that the vehicle will receive a 4 star rating for both the driver and front passenger. These results were not as expected, and TMA obtained the data and high speed video from the test from NHTSA for TMC to review. As with the Scion xB, the rear decklid and window, as well as other parts of the vehicle, were removed from the test vehicle in order to meet the test weight with equipment. Karco recommended to NHTSA not including the rear facing child restraints in the rear seat due to an interference condition with the front seatbacks, and no CRS was installed at the time of the test. As with the Scion xB, an outrigger was mounted in place of the rear bumper for additional equipment for the test. However, since TMC did not provide an analysis of the test data for NHTSA by the due date of October 17, NHTSA published the safety ratings.

Toyota Solara Front and Side Impact NCAP Tests - TMA reviewed and submitted the test setup information for the Solara. NHTSA conducted the front and side impact tests on October 4 and 5 at Karco, in Adelanto, CA. TEMA attended the tests because TMA could not attend due to a conflict with an FMVSS 301R compliance test on October 4 at Calspan. Preliminary results indicate that the vehicle will receive 5 stars in all positions for both the front and side tests.

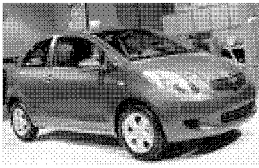
Scion xD Side NCAP Test - On September 18th, TMA attended the side NCAP test of the 2008 MY Scion xD at Calspan. Preliminary results indicated that the vehicle will receive a 5 star rating for both the driver and rear passenger. Although the rear seat results were borderline with 4 star, NHTSA did judge this vehicle to be a 5 star.



Scion xD Frontal NCAP Test - On September 20th, TMA attended the frontal NCAP test of the Scion xD at Calspan in Buffalo, NY. There was an interference condition between the front seatbacks and the rear facing child restraints installed in the rear seat. TMA protested strongly with NHTSA, but they refused to correct the situation even after TMA

suggested alternatives, such as running the test without using the ISOFIX bases. During the test, the CRS behind the driver came loose from the base. The CRS behind the passenger remained in the base, but there was a head chalk mark on the seatback. Preliminary results indicate a 4 star rating for both positions, with the passenger borderline with the 3 star cutoff. TMA obtained the data and TMC reviewed the results, and while not as expected, did not contest the 4 star rating. In addition, TMA learned that NHTSA never sent Calspan the recommended removal parts list. Although the liftgate was not removed from the vehicle, the muffler was removed against our recommendation.

FJ Cruiser Side NCAP Test – On October 9, TMA attended the side NCAP test of the 2008 MY FJ Cruiser at MCW in Milwaukee, WI. Preliminary results indicate that the vehicle should receive a 5 star rating for both the driver and front passenger. There were no issues with the vehicle set up or dummy positioning.



Yaris Liftback Front and Side NCAP Tests – On October 10 and 11, TMA attended the front and side NCAP tests of the 2008 MY Toyota Yaris Liftback. Preliminary results indicate that the vehicle will receive a 5 star rating for the driver and 4 star rating for the front passenger in the frontal test. For the side test, the preliminary results indicate a 3 star result for both positions. TMA obtained the data for the side test for TMC to review, after paying MGA a \$250 fee (a new policy).